

Dates to Remember

- Governor's Exporter of the Year—
Nominations due July 31, 2001
- Hong Kong: Asia's World City—
June 27
- Exporting Workshop—
July 10

Worldwide Reports Featured

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Trade Invest Monthly

Hawaii's International Business Network

HAWAII NOTICES

2001 Governor's Exporter of the Year

The search has begun for Hawaii's top exporters in the *Governor's Exporter of the Year* award competition.

Winners will be selected in six export categories:

**High Technology
Professional Services
Manufactured Products
Fresh Commodities
Export Trading Company
New Exporter**

The Exporter of the Year
will be chosen from among the winners of the categories.



In addition, an *Outstanding Contributor to Exporting* award will be given to an individual and/or organization that has been instrumental in promoting Hawaii exports.

Now is the time for organizations and individuals to submit nominations for all categories. Completed applications must be received by **4:30 p.m., Tuesday, July 31, 2001.**

Winners will be chosen based on significant gains/achievements in sales during the past three years, with special consideration being

given to creative marketing ideas and contributions to helping others expand export markets.

Nominees must be registered to do business in the state of Hawaii and be in good standing.

Nominees must have a sponsoring organization, such as a financial institution or a business/industry association, in order to submit an application.

Co-sponsoring this program with DBEDT is the Department of Agriculture. Supporting organizations are the U.S. Small Business Administration, the U.S. Department of Commerce, the Agricultural Leadership Foundation of Hawaii and the *Pacific Business News*.

For more information, contact DBEDT at: Telephone: (808) 587-2584 Fax: (808) 587-3388 E-mail: exporter@dbedt.hawaii.gov

Hong Kong: Asia's World City



Hong Kong is a place where the East meets the West, as a hub for Asia, and a gateway into China. The Hong Kong Business Association of Hawaii (HKBAH) will sponsor this business networking mixer, **Hong Kong: Asia's World City**. All current and former members and friends of the Association are invited to this premier business networking event.

The audience will be introduced to Hong Kong's newest visual identity and a brief overview of its new promotional and branding campaign to promote Hong Kong as one of the most cosmopoli-

tan and vibrant cities in Asia.

For the benefit of guests and past members, there will be a review of HKBAH's activities.

DATE: Wednesday, June 27, 2001
PLACE: *Rumours* at the Ala Moana Hotel
TIME: 6:00 – 8:00 p.m.
ADMISSION FREE

For more information, contact Raymond Yu at Tel: (808) 537-5433 or Wanda Tse at Tel: (808) 593-9223

"Breaking Into the Trade Game"

Hawaii companies looking to enter overseas markets can find out the latest in programs and opportunities available to small business in this workshop.

Representatives from the U.S. Small Business Administration, U.S. Commercial Service, and

U.S. Customs Service will be conducting a workshop. They will focus on the programs designed to help exporters with sales, working capital guarantees and other opportunities

for small business to sell internationally.

Date: Tuesday – July 10, 2001
Time: 9 a.m. to 12 noon
Place: Foreign Trade Zone No.9, Pier 2
521 Ala Moana Boulevard
Parking: Metered parking or Restaurant Row
Cost: \$15 (by July 5)

Register by contacting Mary Dale, Small Business Administration, Tel: (808) 541-2983.

Worldwide Market Reports

Due to the large number of requests for reports, we have made the request process easier to better serve you. Complete the request form at the end of the newsletter and Fax to (808) 587-3388, or send an Email message to: tradeinvest@dbedt.hawaii.gov.

The report service offered is reserved for Hawaii companies only.

If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the

Japan – E-retail (19 pages)

The U.S. & Foreign Commercial Service reports on the development of the Internet as a shopping medium in Japan. As a result of the rapid growth, new onlineshopping malls have opened, and are becoming more popular with both retailers and consumers.

For companies interested in targeting the Japanese consumer via the Internet, an overview of the key areas are as follows:

- ◆ According to Japan's Ministry of Posts and Telecommunications, there were 27.06 million Internet users in Japan in 1999, whereas the Internet Association of Japan gives a figure of 10.38 million users.
- ◆ Women shoppers are making the most gains in Internet shopping, especially in the younger age brackets.
- ◆ As of May 2000, there are more than 25,000 specialized *web-shops* in Japan. However, most *web-shops* are not doing a lot of business, and it is estimated that two out of three were operating at a loss. It is estimated by a JADMA Survey on Internet Direct Marketing that the largest percentage of direct marketers receive between 0-10 orders per month.
- ◆ According to Cyber Business Statistics, the most common products and services handled by the Japanese *web-shops* include: 1) computers and software, 2)

"According to Japan's Ministry of Posts and Telecommunications, there were 27.06 million Internet users in Japan in 1999"

office supplies, 3) fashion & accessories, 4) food & drinks, 5) domestic items/toiletries, and 6) culture & hobby.

- ◆ More than 80% of Japanese Internet users utilize search engines. The most popular are *Yahoo! Japan*, *Goo*, *Infoseek Japan*, and *LYCOS Japan*. Keep in mind that Japanese search engines usually search Japanese sites only. For Hawaii companies that wish to have more web-based exposure in the Japanese market, they will need to register with as many Japanese search engines as possible.

Also listed in the report are:

1. Popular Internet shopping malls (with over 100 tenants/affiliates).
2. Concerns about Internet shopping.
3. Twenty most popular Internet Service Providers (ISP's).
4. Payment methods.
5. Trade regulations and guidelines.
6. Distribution/business practices.
7. Key contacts.

For a copy of this report, send the request form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov

Australia – Book Market

The U.S. & Foreign Commercial Service in Melbourne recently published a report on Australia's book market.

The key points to the market are as follows:

- After the U.S. and the U.K., Australia is the third largest English-speaking book market, with annual book sales estimated at US \$729 million.
- Australians are well-educated with a literacy rate that approaches 100% and have a high standard of living. Education is mandatory until the age 15 (16 in the State of Tasmania).
- Accounting for 32% of total book sales, educational books have a significant market share in Australia.
- Future growth is forecasted for computer, business and self-help books.
- The U.S. is the leading foreign supplier of books in Australia, with a 38% import market share. In 1999, total U.S. imports totaled US\$100 million, and in 2000, U.S. imports increased to US\$110 million.
- On July 1, 2000, the Australian government introduced a Goods and Service Tax (GST) of 10%, and books are subject to this GST. The introduction of the GST has resulted in an average 6-8% increase in the cost of most books in Australia.
- There is a partial relaxation of Australia's Copyright Amendment Act of 1991. The Act, which permits the importation of new titles within 30 days of publication, now allows overseas books to be considered published in Australia if they are released in the Australian market within 30 days of being published overseas.

- There are significant differences of measurement, spelling, and word usage between Australia and the U.S. For example, Australia uses the metric system of measurement. As a result, U.S. spelling and measurement methods are unsuitable for pre-school and grade school students.
- Printed books, with the exception of Australian directories and timetables, are imported into Australia duty free. Books on CD-ROM are also duty free.

For a copy of a report, send the request form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov

U.S. and China Reach Consensus on China's Accession to WTO

The Office of the U.S. Trade Representative announced on June 9, 2001, after 14 years of negotiations, the U.S. and China have reached consensus on remaining bilateral concerns related to China's WTO accession during the June 4-8 Asia-Pacific Economic Cooperation (APEC) Meeting of Ministers Responsible for Trade.

According to The Office of the U.S. Trade Representative, the agreement reached is "a victory for American farmers and ranchers, Americans with export-related jobs, and American businesses with operations in China. This propels China further along the path of economic reform, the rule of laws and toward a commercially viable WTO agreement."

There are still several important steps ahead in China's WTO accession process as follows:

1) the consensus reached will be considered at the next China Working Party meeting in Geneva beginning on June 28, 2001; 2) any issues of concern by other WTO members will need to be resolved in the Working Party; 3) the WTO members will review and approve these documents; and 4) the WTO's General Council must then adopt China's accession package, after which China will have to complete its domestic ratification procedures.

China will become a WTO member 30 days after filing its notice of acceptance with the WTO.

Taiwan – Vitamins and Minerals Supplements Market

The U.S. & Foreign Commercial Service reports that with Taiwan's continuing economic growth, a rise in personal and household discretionary income and prolonged life expectancy, the Taiwanese people

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ple are looking at ways to maintain their health and stay in shape. There is an increasing awareness of better health and as a result, there is also increasing awareness and acceptance of dietary supplements.

Although Taiwan's overall economic situation has slowed down in recent years, the health food and dietary supplement market has continued its growth trend, and the U.S. & Foreign Commercial Service believes that the prospects are excellent for future growth.

For Hawaii's manufacturers and suppliers of health foods and dietary supplements, the points to consider in this market are as follows:

- ◆ Taiwan's Department of Health (DOH) defines health foods as drugs and dietary supplements as food. How the products are labeled will determine how they classify and distinguish between the two categories. In addition, high-dose vitamins are usually categorized as pharmaceuticals. It is very important for U.S. exporters to understand the legal implications and possible penalties imposed by the new DOH regulations in Taiwan. Especially important are: 1) the requirements for Bureau of Food Sanitation (BFS) approval, and 2) the BFS prescriptions for labeling product ingredients before these products can be sold in the Taiwanese market.
- ◆ Since 1998, total sales of health food

and dietary supplements have grown about eight to nine percent per year. In 1998, domestic sales of dietary supplements reached US\$116 million, and grew to US\$131 million in 1999. Dietary supplement sales are expected to reach US\$150 million in 2000.

- ◆ The DOH has announced that import tariffs for vitamins will be lowered from 50% to 30% in the first year, and will be further reduced to 25% thereafter.
- ◆ Imports of dietary supplements were valued at US\$105 million in 1999, with the U.S. dominating with a 38.2 import market share, followed by Japan with 16.7%, Germany with 11.9%, and Switzerland with 9.6%.
- ◆ Imported products that are expected to have continued growth include lecithin, beta-carotene, calcium, chitosan, fish oil, herb preparations, and multi-vitamins. Japanese brands, which have traditionally targeted the Taiwanese customers, are expected to have the fastest growth amongst the imported brands.
- ◆ According to the U.S. & Foreign Commercial Service, the main reasons why U.S. dietary supplements do well in the Taiwanese market is due to: 1) competitive pricing systems, 2) advanced technology, 3) superior quality control, 4) clear labeling of ingredients, and 5) product expiration dates. Taiwanese customers are also aware of the strict health standards and regulations of the U.S. Food & Drug

Administration, and that has contributed to a wide acceptance of U.S. products in Taiwan.

For a copy of a report, send the request form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov

Internet Resources

USA Sources

Marketing your products or services in Chinese

The American Institute in Taiwan Commercial Section of the U.S. & Foreign Commercial Service announced their program, **USA Sources**, a Chinese-language promotion service for U.S. exporters of goods or services. The sole purpose of USA Sources is to generate sales leads for U.S. exporters.

Who can register? U.S. exporters can register if the product to be sold overseas is manufactured in the U.S. or has at least 51% U.S. content. U.S. service providers (educational institutions, financial and legal services, architectural firms, etc.) are also welcome.

How does USA Sources promote U.S. exports? There are two promotion vehicles: a website targeted to Chinese-speaking buyers, and periodic, industry-specific product newsletters mailed to individual companies in our database. The website is promoted through importers associations and trade publications. Each edition of the newsletter is mailed to Taiwan and mainland China, with additional copies distributed in Hong Kong and other locations.

What does it cost?

Free registration. Companies who register will receive profiles of buyers who register with USA Sources that match products offered and sales objectives profile. As new buyers register with USA Sources, updates are sent.

Enhanced promotion package.

For \$25 per product, a company can feature products in the USA Sources newsletters and on the USA Sources website. Translations are offered for product descriptions of up to 100 words into Chinese. Translated text is then used to create a webpage for each product with its own image.

For more information or to register please contact Merritt T. Cooke at info@usasources.org or go to the website: www.usasources.org

New Zealand - Apparel (12 pages)

The U.S. & Foreign Commercial Service in Wellington, New Zealand recently published a report on New Zealand's apparel market and opportunities for U.S. apparel manufacturers.

Trade Shows, Conferences, & Trade Missions

IBEAR Executive Programs in July, 2001

University of Southern California

Marshall School of Business

Mexico

July 16-17, 2001 - Doing Business with Mexico. Topics include: 1) Politics, Bureaucrats and the Mexican Business Environment, 2) How the Mexican Business System Works, 3) Maximizing Personal Effectiveness in Mexican Business Culture, 4) Managing Successful Manufacturing Operations in Mexico, 5) Mexican Labor: Fact, Fiction, and Best Practices, 6) Winning Marketing, Promotion and Distribution Strategies, and 7) Executive case study.

Brazil, Argentina, and Chile

July 19-21, 2001 - Doing Business with Brazil, Argentina, and Chile. Topics include: 1) Brazil Country Outlook 2001, 2) Politics, Bureaucrats and the Brazilian Business Environment, 3) Communicating and Negotiating Effectively with Brazilians, 4) How the Brazilian Business System Works, 5) Penetrating the Brazilian Market: Marketing, Promotion and Distribution, 6) Best Practices for U.S. Business: The American Chamber of Commerce in Brazil Perspective, 7) MERCOSUL/MERCOSUR: Current Realities and Prospects, 8) Argentine Business Environment: Opportunities and Threats, 9) Keys to Success in the Argentine Market: Marketing Distribution and Promotion, 10) Chilean Business Environment: Opportunities and Threats, and 11) Keys to Success in the Chilean Market: Marketing, Distribution, and Promotion.

For more information, contact Mike K. Scott, IBEAR Executive Program, Tel: (213) 740-7130; Fax: (213) 740-7559; e-mail: iep@usc.edu

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(Continued from page 3 - New Zealand Apparel)

Background information on the market:

- In the mid-1980's, the New Zealand government enacted economic reforms with the intent to create a more efficient marketplace. Part of that reform included the gradual phase-out of import tariffs and the elimination of import licensing. The New Zealand Government's tariff reduction ends in 2006 when all imported apparel products will be able to enter New Zealand free of duty.
- Prior to the mid-1980's, the apparel was one of New Zealand's most protected industries – manufacturers were protected by 65% tariffs. The years of protection produced under-utilization of capital, high consumer prices, a dependence on government support, and an inability to compete in the world marketplace.
- The total apparel market in New Zealand totaled US\$391.4 million in 2000.
- The New Zealand people are influenced by trends from the U.S. and Europe.
- The New Zealand exchange rate has affected the imports of apparel from the U.S. – as a result of the low exchange rate, Apparel imports from the U.S. represented only 1.4% (US\$5 million) of the total import market in 2000. Unless the New Zealand exchange rate improves, this trend will continue.
- U.S. apparel manufacturers are getting around this by exporting its apparel products that are produced in other Asian countries, or U.S. brands are manufactured under license in New Zealand.
- As a result of the changes and the New Zealand exchange rate, the New Zealand apparel segment is heavily dominated by imports – mainly from China (64.1%) and Australia (15.5%). New Zealand consumers generally view Chinese apparel products to be of good quality, trendy, and cost competitive.
- U.S. apparel products are popular with New Zealand consumers due to exposure to American pop culture through television, movies, and music. Hawaii apparel manufacturers will need to incorporate creative production and marketing strategies in order to compete in this marketplace.

For a copy of a report, send the request

form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov.

Australia's Sportswear Sales Down Due to Goods & Service Tax

The U.S. & Foreign Commercial provided an update on Australia's sportswear market.

As mentioned in an earlier article in this issue, Australia enacted a Goods & Service Tax (GST) of 10% on July 1, 2000, and immediately its presence was felt in Australia's sportswear industry. Under the previous tax system, clothing was exempted from the Wholesale Sales Tax, but with the GST enacted, sportswear prices rose 7.4% between July and September.

The Byvan Indicator, which measures retail performance throughout Australia, showed a 3.1% decrease in retail sales in October 2000.

As a result of the retail slowdown in sportswear retail sales, major sportswear manufacturers operating in Australia – companies such as Nike and Adidas – have started staff reductions.

For more information on this topic, contact Ms. Annette Ahern at the U.S. Consulate General in Melbourne. Tel: 61-3-9526-5945; Fax: 61-4-9529-6774;

Japan— Internet Broadcast / Contents Distribution

U.S. & FOREIGN COMMERCIAL SERVICE released a market summary report on Japan internet content broadcasting for radio, music and books.

Japan's recent explosion of internet use has spurred the growth in digital distribution and broadcasting of entertainment content live and recorded. While this segment of the market is still small, it has great growth potential to reach a wider audience in Japan. Internet broadcasting is attracting increasing industry attention, because of its interactivity that is not limited to locality or time zones.

The article reports on major companies, user groups, end user analysis, and price sensitivity. Insights for US firms looking at this market: are included in sections on *Best prospects*, *Distribution/Business Practices*, *Duties & Taxes*, *Import Climate*.

For a copy of this report, send the request

form by Fax: (808) 587-3388 or by email to tradeinvest@dbedt.hawaii.gov

Coffee – Annual 2001 Reports

To help Hawaii coffee manufacturers and suppliers keep updated on worldwide competition and trends, the U.S. Department of Agriculture's Foreign Agricultural Service publishes periodic coffee reports regarding the production, supply and demand in various countries. This is an updated report that was last mentioned in the December 2000 issue of Trade Invest Monthly. Coffee reports are available for the following countries:

-Ecuador	-Honduras	-Guatemala
-El Salvador	-Vietnam	-Colombia
-Philippines	-Mexico	-Peru
-Cote d'Ivoire	-Brazil	-India
-Indonesia	-Nicaragua	-Costa Rica
-Venezuela	-Kenya	

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Report Request Form

Trade Invest Monthly, Hawaii's International Business Network

Company: _____

Contact person: _____

Address: _____

City: _____

Zipcode: _____

Telephone: _____

Facsimile: _____

Email: _____

Report(s) requested:

- ☐ Japan – E-retail Market
- ☐ Australia – Book Market
- ☐ Taiwan – Vitamins & Mineral Supplements
- ☐ New Zealand - Apparel
- ☐ Japan Internet Content Broadcasting
- ☐ Coffee – Annual 2001

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